The original disclosure in Japanese was released on May 9, 2012 at 16:00 (GMT+9).

Consolidated Financial Statements for the Year Ended March 31, 2012
FY2012 (April 1, 2011 - March 31, 2012) [UNAUDITED]

Company name:	Takara Holdings Inc.
Stock exchange listing:	Tokyo Stock Exchange(1st section) and Osaka Stock Exchange(1st section)
Code Number:	2531
URL:	http://www.takara.co.jp/
Company representative:	Hisashi Ohmiya, President
Contact:	Takuya Kakemi, General Manager of Financial & Investor Relations Dept. TEL:(075)241-5124
Scheduled date of general shareholders' meeting:	June 28, 2012
Scheduled date of starting delivery of dividens:	June 29, 2012

Notes:
1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.
2. Amounts are rounded down to the nearest million yen.

1. Results for the year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Year ended March 31, 2012		Year ended March 31, 2011	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	198,690	4.7	189,769	(0.4)
Operating income	9,264	11.2	8,335	(2.8)
Ordinary income	9,617	14.1	8,427	(3.4)
Net income	3,995	5.5	3,788	(19.0)
Net income per share (Yen)	19.32		18.21	
Fully diluted net income per share (Yen)	-		18.21	
Return on equity		4.2		4.0
Ordinary income to total assets ratio		4.9		4.3
Operating income to net sales ratio		4.7		4.4
Note: Comprehensive income	3,557	658.9	471	(93.4)
Reference: Income (loss) from equity method investment	49		76	

(2) Financial position

	As of March 31, 2012	As of March 31, 2011
	(Millions of yen)	(Millions of yen)
Total assets	197,437	192,448
Net assets	107,659	106,895
Equity ratio (%)	48.0	49.0
Net assets per share (Yen)	461.41	454.21
Reference: Equity	94,783	94,308

(3) Cash flow

	Year ended March 31, 2012	Year ended March 31, 2011
	(Millions of yen)	(Millions of yen)
Cash flow from operating activities	9,013	9,462
Cash flow from investing activities	(4,779)	(11,323)
Cash flow from financing activities	(3,265)	(3,199)
Cash and cash equivalents, end of year	29,165	28,384

2. Dividends

	Dividend per share (Yen)		
	Year ended March 31, 2011	Year ended March 31, 2012	Year ending March 31, 2013 (Forecast)
First quarter end	-	-	-
Second quarter end	-	-	-
Third quarter end	-	-	-
Year end	8.50	9.00	9.00
Annual	8.50	9.00	9.00
Total dividend (Millions of yen)	1,767	1,851	
Payout ratio (%)	46.7	46.6	40.2
Dividend on equity (%)	1.9	2.0	

3. Forecast for the year ending March 31, 2013 (April 1, 2012 – March 31, 2013)

Note: Percentages indicated changes from the same period of the previous fiscal year.

	Six months ending September 30, 2012		Year ending March 31, 2013	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	95,100	(0.4)	202,800	2.1
Operating income	2,600	(21.8)	9,500	2.5
Ordinary income	2,600	(24.7)	9,650	0.3
Net income	1,200	25.0	4,600	15.1
Net income per share (Yen)	5.84		22.39	

4. Others

(1) Important changes in subsidiaries : No

(2) Changes in accounting policies, changes in accounting estimates and restatements

1) Changes in accounting policies due to amendment of accounting standards : No

2) Changes in accounting policies due to other reasons : No

3) Changes in accounting estimates : No

4) Restatements : No

(3) Number of outstanding shares (common stock)

1) Number of outstanding shares at year end (Treasury stocks are included)

As of March 31, 2012 : 217,699,743

As of March 31, 2011 : 217,699,743

2) Number of treasury stocks at year end

As of March 31, 2012 : 12,277,683

As of March 31, 2011 : 10,069,310

3) Average number of outstanding shares

Year ended March 31, 2012 : 206,794,360

Year ended March 31, 2011 : 208,048,960

(Reference) Non-consolidated financial review

1. Results for the year ended March 31, 2012 (April 1, 2011 – March 31, 2012)

(1) Operating results

Note: Percentages indicated changes from the previous fiscal year.

	Year ended March 31, 2012		Year ended March 31, 2011	
	(Millions of yen)	(%)	(Millions of yen)	(%)
Net sales	3,560	(35.2)	5,498	4.2
Operating income	2,458	(42.9)	4,305	1.7
Ordinary income	2,646	(31.7)	3,877	(5.4)
Net income	1,750	(17.3)	2,116	(20.1)
Net income per share (Yen)	8.45		10.16	
Fully diluted net income per share (Yen)	-		-	

(2) Financial position

	As of March 31, 2012	As of March 31, 2011
	(Millions of yen)	(Millions of yen)
Total assets	109,441	111,566
Net assets	74,471	75,655
Equity ratio (%)	68.0	67.8
Net assets per share (Yen)	362.06	363.86
(Reference) Equity	74,471	75,655

Contents of the attached document

1. Financial Results

(1) Analysis of Financial Results

1) Financial Results for the Fiscal Year under Review

In the fiscal year under review, ended March 31, 2012, activity in the Japanese economy was limited due to the impacts of the Great East Japan Earthquake, which occurred March 11, 2011, and to the concern for the electricity shortages that were the result of the ensuing incidents at the Tokyo Electric Power Company, Incorporated's Fukushima Daiichi Nuclear Power Station. While there were signs of recovery in the second half of the fiscal year driven by the post-earthquake reconstruction demand, the continued appreciation of the Japanese yen coupled with the effects of the financial crisis in Europe contributed to a persistence of the sense of uncertainty regarding the future of the economy. Further, consumer spending was sluggish due to concerns for the future of pensions and the potential increases in consumption tax.

In this environment, we endeavored to improve corporate value through the establishment of a balanced organizational structure that is resilient to changes in the environment by acting in accordance with the Takara Group Medium-Term Management Plan FY2014, which has "aiming to realize the Takara Group Vision2020, achieve stable growth in Japan while expanding business base in order to grow significantly overseas" as its basic policy. The Takara Group Vision 2020 embodies our long-term management vision.

As a result, consolidated net sales increased 4.7% year on year, to ¥198,690 million, allowing the Group to achieve a new record-high for net sales regardless of the lingering impacts of the Great East Japan Earthquake.

Also, gross profit was up 4.0%, to ¥77,228 million, due to the increase in net sales, which was able to offset the fact that raw material prices rose to a level that exceeded the influence of the strong yen and costs of sales ratios were slightly higher due to changes in product lineups and the impacts of the earthquake.

Selling, general and administrative (SG&A) expenses rose 3.0%, to ¥67,963 million, largely due to the increased distribution and sales promotion expenses, which were incurred despite the continual cost-cutting measures the Company has implemented in response to the harsh economic conditions. Regardless, operating income increased 11.2%, to ¥9,264 million, as a result of the higher gross profit.

In regard to non-operating income and expenses, interest and dividends income as well as subsidy income contributed to higher non-operating income, and non-operating expenses such as interest expenses and bond issuance cost were lower. Accordingly, ordinary income increased 14.1%, to ¥9,617 million.

In regard to extraordinary income and loss, there were losses attributable to the disposal of products due to the impacts of the earthquake. However, these losses were less than the combined total of the disposal-related losses and loss on adjustment for changes of accounting standard for asset retirement obligations recorded in the previous fiscal year. As a result, income before income taxes and minority interests increased 14.5%, ¥8,590 million. Also, net income was up 5.5%, to ¥3,995 million, regardless of the decline in deferred tax assets following changes in income tax rates.

Results by business segment were as follows.

(Takara Shuzo Group)

Competition in the Group's mainstay alcoholic beverages and foods business has continued to intensify due to the decline of the drinker population, changes in consumer preferences, and the reorganization of the secondary market following the recent deregulations. In addition, the decline in consumer confidence, a result of the concern for the future and the weak economy, and the shift toward low-priced products has made it difficult to transfer the impact of rising raw material prices to product selling prices, adding further difficulty to the operating environment.

In this environment, the Group focused on providing consumers with safe and high-quality products, and worked to nurture its brands with its rich product lineup and its range of high-quality products differentiated through solid technological superiority.

Takara Shuzo Co., Ltd., the core operating company of the segment, suffered damages to its distribution bases in East Japan due to the earthquake. However, the company worked to rapidly reestablish production and supply systems while also accurately responding to market demand trends.

The following is a breakdown of the business segment's sales by product.

[Alcoholic beverages]

Shochu

Sales of mainstay products *Honkaku* sweet-potato shochu *Kuro Yokaichi* and *Honkaku* barley shochu *Kuro Yokaichi* were strong and sales of *Shirashinken honkaku* barley shochu were also impressive due to the success of a TV commercial marketing campaign. As a result, overall sales of *honkaku* shochu were up, regardless of lower sales of *Ikkomon* 100% sweet-potato-based shochu and other *honkaku* shochu labels.

In *ko*-type shochu, new-type shochu labels, such as *Takara Shochu Jun* and *Japan*, continued to record sales declines. However, overall sales of *ko*-type shochu were up due to the strong sales of *Gokujo Takara Shochu*, which have continued since the previous fiscal year, and increase in sales of standard *ko*-type shochu following the rebound from the temporary depression of sales following the Great East Japan Earthquake.

As a result, overall shochu sales increased 1.0% year on year, to ¥73,458 million.

Sake

Consumption in the domestic sake market continues to decline with each coming year, but Takara Shuzo is diligently undertaking new initiatives with the aim of reviving interest in sake. As part of these initiatives, in September 2011, the company released in a new environmentally friendly “eco pouch” *Sho-Chiku-Bai Ten*, a full-bodied, sharp tasting sake created using the company’s unique two-step yeast fermentation process. In addition to being friendly to the environment, these eco pouches are also easily stored and disposed of at home. Further, in June 2011, the company launched the new sparkling sake *Sho-Chiku-Bai Shirakabe-gura Mio*. Going forward, Takara Shuzo will continue to pursue new possibilities in sake, working to invigorate the sake market as a whole.

Due to the strong sales of these new products, as well as *Sho-Chiku-Bai Gokai*, only for sale to restaurants and bars, sales of Takara Shuzo’s sake products were up for the first time in six years.

Meanwhile, overseas subsidiaries Takara Sake USA Inc. (US) and Takara Shuzo Foods Co., Ltd. (China) saw favorable sales increases. However, the strong yen resulted in sales of these subsidiaries decreasing year on year when translated into Japanese yen.

As a result, overall sake sales increased 0.8% year on year, to ¥20,967 million.

Light-alcohol refreshers

In dry-type *chu-hi* products, *Takara Shochu High Ball*, which is popular for its dry and rich texture, continued its impressive sales streak from the previous fiscal year. The substantial increase in sales of this product drove up overall sales of light-alcohol refreshers.

At the same, the image of *Takara Can Chu-Hi Jika-Shibori*, a line of *chu-hi* drinks into which the juice of fresh fruits is squeezed directly, was renewed in March 2011 to feature a new can design and a higher percentage of fruit juice in hopes of making the line more appealing to its main target: women. The success of this renewal as well as the quick restoration of supply systems for this line following the earthquake resulted in this product line achieving significant increases in sales.

As a result, light-alcohol refreshers sales increased 20.1% year on year, to ¥26,725 million.

Other alcoholic beverages

The whiskey high ball boom in Japan contributed to the favorable sales experienced by domestically produced whisky. Overseas, meanwhile, The Tomatin Distillery Co., Ltd. (UK) recorded sales increases for Scotch whisky, regardless of the impacts of yen appreciation. Also, sales of Burgundy wine and other imported wine by Luc Corporation, Ltd., were strong. Accordingly, sales of other alcoholic beverages were up 11.4%, to ¥10,776 million.

As a result, total alcoholic beverages sales increased 5.2% year on year, to ¥131,927 million.

[Seasonings]

Takara Shuzo has traditionally dealt in home-use, processing-use, and seasonings for use by restaurants and bars. Expanding on this range, it has begun addressing demand in the market for ready-prepared meals, which is expected to continue to grow into the future. The company has also been actively promoting sales throughout all of its various sales channels in response to the shift from eating out frequently to eating in more often, which itself is a response to the sluggish economy. While use of mirin has continued to decline, sales of cooking sake and other products were able to compensate for this, resulting in a slight increase in sales.

Overseas, demand from food processors in China continued to recover, leading to sales growth that, when combined with sales seen in the United States, was able to overcome the exchange rate impacts of the strong yen. Accordingly, overseas sales of seasonings were up.

As a result, total seasonings sales increased 0.5% year on year, to ¥22,141 million.

[Raw alcohol, etc.]

As the price of ethanol, an ingredient used as to make the raw material alcohol sold for business uses, continued to rise, the company was forced to implemented painful pricing measures and aggressive sales strategies. However, sales of industrial alcohol and alcohol for alcoholic beverages increased, driving sales in the raw alcohol, etc. category up 3.8% year on year, to ¥6,512 million.

[Transportation]

Net sales in the transportation business were up 3.6%, to ¥9,093 million, due to increased external sales and the results of our efforts to spread operations into related business areas.

[Other]

In the other category, the Japanese food ingredients wholesale business of FOODEX S.A.S. (France), which became a consolidated subsidiary during the previous fiscal year, contributed to sales throughout the fiscal year. As the contributions by this subsidiary greatly exceeded those in the previous fiscal year, sales in this category increased 35.7%, to ¥5,828 million.

Due to the abovementioned factors, particularly the strong performance of light-alcohol refreshers and the full-year contributions by FOODEX S.A.S., total net sales for the Takara Shuzo Group increased 5.2% year on year, to ¥175,503 million. Cost of sales was up 6.0%, to ¥110,454 million, due to higher costs of sales ratios following rises in raw material prices, and gross profit rose 3.9%, to ¥65,049 million. SG&A expenses were up 4.0%, to ¥58,280 million, due to higher transportation expenses stemming from the damage to distribution bases incurred during the Great East Japan Earthquake as well as the rise in sales promotion expenses that was largely due to increased sales of shochu and light-alcohol refreshers .As a result of these factors, operating income was up 3.0%, to ¥6,768 million.

(Takara Bio Group)
Utilizing biotechnology developed over many years, the Takara Bio Group concentrated management resources on three areas: the genetic engineering research business, the gene medicine business, and the agribio business, and worked to improve business results.

Genetic engineering research business
As the Takara Bio Group’s core business, the genetic engineering research business mainly provides products and services that support research and development activities in biotechnology-related fields. Such activities are becoming increasingly widespread.

Looking at individual product categories, sales of mainstay research regents were up, regardless of the impacts of the strong yen. Sales of scientific instruments also increased due to higher sales of mass spectrometry systems. Meanwhile, sales in the contract research services business and other businesses were in line with the previous fiscal year.

As a result, the sales of the business increased 2.6% year on year, to ¥16,300 million.

Gene medicine business
In this business, recent rapid progress in cell biology is shortening the distance between basic research and clinical application, and practical applications of regenerative medicine are advancing rapidly. Against this backdrop, the gene medicine business sells cell culture media products and bags as well as provides technical support services to medical institutions conducting cancer immunotherapy. In addition, the business is focusing efforts on early commercialization of gene therapy and cell therapy for cancer and AIDS utilizing the RetroNectin® Method, a highly efficient gene transduction technology; the RetroNectin® expansion-culture system, a highly efficient lymphocyte propagation technology; and such proprietary technologies as MazF ribonuclease.

Sales in this business were up 70.8%, to ¥842 million, due to the favorable sales of technical support services related to cancer immunotherapy following a rise in the number of medical institutions to which these services are provided.

Agribio business
Based on the concept of “food as medicine,” this business uses its unique leading-edge biotechnology to scientifically identify the medical properties of foodstuffs that have traditionally been part of the Japanese diet. Based on this evidence, it develops, manufactures, and sells functional food ingredients. The agribio business focuses on rolling out Gagome kombu (kelp) “fucoidan” related products, agar “agaro-oligosaccharide” related products, Ashitaba “chalcone” related products, and mushroom-related products.

In the fiscal year under review, sales of health foods were relatively unchanged from last year. Mushroom-related products, meanwhile, saw increased sales. As a result, net sales were up 3.1%, to ¥2,435 million.

Due to the abovementioned factors, net sales for the Takara Bio Group increased 4.5% year on year, to ¥19,578 million. Cost of sales was up only 3.8%, to ¥9,194 million, due to lower cost of sale ratios, and gross profit grew 5.1%, to ¥10,383 million. SG&A expenses increased 0.6%, to ¥8,836 million, following a rise in transportation expenses, which offset declines in personnel expenses and R&D expenses. Operating income increased 41.0%, to ¥1,547 million.

(Takara Healthcare)
With building a mail-order sales network for health foods utilizing the technology of Takara Bio Inc. as its highest-priority task, Takara Healthcare is working to increase sales and move into a position of profitability rapidly. In the fiscal year under review, sales of fucoidan-related products and OEM sales centered on hair care-related products were up, but sales in the tea beverages PB supply business were down.

Due to the abovementioned factors, Takara Healthcare’s net sales were down ¥8.9%, to ¥2,338 million. Gross profit, however, was up 3.2%, to ¥845 million, regardless of the lower net sales. This was due to sales growth for high-profit-margin fucoidan-related products. SG&A expenses were down 10.4%, to ¥960 million, due to the various cost-cutting measures implemented. Unfortunately though, Takara Healthcare was forced to record an operating loss of ¥114 million, which was attributable to continued conducting of advance advertising expenses to grow the business. This loss was ¥137 million lower than the operating loss recorded in the previous fiscal year.

(Other)
The Other segment comprises other subsidiaries, including a printing business. Net sales declined 6.1% year on year, to ¥7,704 million, while operating income decreased 13.2% year on year, to ¥190 million.

Breakdown of sales results by product category

Segment / Product category	Previous Fiscal Year (From April 1, 2010, to March 31, 2011) Amount (Millions of yen)	Fiscal Year under Review (From April 1, 2011, to March 31, 2012) Amount (Millions of yen)	YoY Comparison (%)
Takara Shuzo Group			
Shochu	72,695	73,458	101.0
Sake	20,796	20,967	100.8
Light-alcohol refreshers	22,252	26,725	120.1
Other alcoholic beverages	9,674	10,776	111.4
Alcoholic beverages total	125,418	131,927	105.2
Hon Mirin	14,931	14,718	98.6
Other seasonings	7,090	7,423	104.7
Seasonings total	22,022	22,141	100.5
Raw alcohol, etc.	6,275	6,512	103.8
Transportation	8,778	9,093	103.6
Other	4,294	5,828	135.7
Total	166,790	175,503	105.2
Takara Bio Group	18,737	19,578	104.5
Takara Healthcare	2,567	2,338	91.1
Other	8,208	7,704	93.9
Sales not allocated to business segments and intersegment transactions	(6,535)	(6,434)	-
Total	**189,769**	**198,690**	**104.7**

Notes: Amounts include alcohol tax but do not include consumption tax.

2) Outlook for the Coming Fiscal Year

The Takara Shuzo Group's earnings are expected to be adversely impacted by the high raw material prices and sales competition will likely continue to intensify. Under these circumstances, the group will work to develop and nurture differentiated brands, aiming to win the support of consumers; improve the profitability of the domestic alcoholic beverages business; and establish operational structures that are balanced from all perspectives, even in regard to overseas businesses.

The core company of this segment, Takara Shuzo Co., Ltd., is anticipated to achieve increased sake revenues for the second consecutive year due to the contributions of differentiated products such as sparkling sake *Sho-Chiku-Bai Shirakabe-gura Mio* and *Sho-Chiku-Bai Ten eco-pouch*. Revenues from light-alcohol refreshers, a category in which *Takara Shochu High Ball* is performing well, are also expected to be higher. Accordingly, overall sales are expected to be up for the segment. In regard to income, the segment will mitigate high raw material prices through ongoing cost reduction efforts, which are expected to lead to an increase in gross profit. Operating income is forecasted to rise regardless of increased SG&A expenses, specifically attributable to higher advertising expenses and sales promotion expenses, which will implemented in response to intensified competition.

The Takara Bio Group is also expected to continue to face a harsh environment. While net sales will be affected by the impacts of the strong yen on overseas sales, we are still anticipating an overall increase in net sales due to higher sales of research regents, contract research services, and gene medicine. The increase in net sales is anticipated to result in a subsequent increase in gross profit. Operating income will also increase slightly, regardless of a rise in SG&A expenses, which will be primarily centered on R&D expenses.

Although the overall net sales of Takara Healthcare are expected to decrease slightly, an increase in sales of high-margin fucoidan-related products and reduced SG&A expenses is anticipated to help the company achieve income on the operating level for the first time in the coming fiscal year.

As a result, consolidated net sales, which include net sales from the Other segment, are forecasted to increase 2.1%, to ¥202,800 million, and operating income will likely increase 2.5%, to ¥9,500 million. In this manner, we aim to achieve the net sales target of ¥200,000 million, set for the final year of the Takara Group Medium-Term Management Plan FY2014, one year ahead of schedule and also make significant progress toward achieving the operating income target of ¥10,000 million described in the plan.

Ordinary income, meanwhile, will be relatively unchanged from the previous fiscal year, rising 0.3%, to ¥9,650 million, primarily due to the incurrence of non-operating expenses in the form of bond issuance cost. Projected extraordinary losses include loss on valuation of investment securities that are experiencing long-term drops in market prices. However, loss on disaster will not be incurred and the Company will likely record gain on sales of noncurrent assets. Accordingly, net income is expected to rise 15.1%, to ¥4,600 million.

3) Progress under the Medium-Term Management Plan

The current medium-term management plan has set numerical targets of achieving consolidated net sales of over ¥200,000 million, consolidated operating income of over ¥10,000 million, and overseas sales that account for over 10% of total net sales in the fiscal year ending March 31, 2014. While the Group's operating environment is growing increasingly harsh, we still managed to make significant progress toward these goals, recording consolidated net sales of ¥198,690 million and consolidated operating income of ¥9,264 million in the fiscal year under review, as described in "1) Financial Results for the Fiscal Year under Review." Other target ratios are also trending in favorable directions.

(Numerical targets in the medium-term management plan are merely targets established at the time of the plan's formulation and are not guaranteed to be achieved.)

(2) Analysis of Financial Position

1) Assets, Liabilities, and Net Assets

Total assets at fiscal year-end stood at ¥197,437 million, up ¥4,988 million from the previous fiscal year-end. This included total current assets of ¥126,078 million, up ¥6,370 million from the previous fiscal year-end. Major factors included an increase in notes and accounts receivable-trade, net due to higher sales and the fact that the end of fiscal year was a holiday for financial institutions.

Noncurrent assets were ¥71,359 million, down ¥1,382 million from the previous fiscal year-end. Major factors included a ¥351 million increase in property, plant and equipment, a result of the acquisition of land for real estate leasing operations; a ¥792 million decrease in goodwill under intangible assets; and a ¥940 million decrease in total investments and other assets following the decline in deferred tax assets that accompanied the lowering of the effective income tax rate.

Current liabilities were ¥51,247 million, up ¥9,794 million from the previous fiscal year-end, due mainly to the transference of ¥5,000 million worth of bonds payable from noncurrent liabilities to current portion of bonds and to an increase in accrued alcohol tax, a result of the fact that the end of fiscal year was a holiday for financial institutions and other factors. Noncurrent liabilities were ¥38,530 million, down ¥5,570 million, primarily due to the transference of bonds payable to current portion of bonds. As a result, total liabilities rose ¥4,223 million, to ¥89,777 million.

Net assets amounted to ¥107,659 million, an increase of ¥764 million from the previous fiscal year-end, reflecting a ¥746 million increase in negative foreign currency translation adjustments and a ¥1,070 million increase in treasury stock, acquired as part of measures for returns to shareholders, which offset a ¥2,227 million rise in retained earnings.

Plans for the coming fiscal year forecast depreciation and amortization of ¥4,500 million in property, plant and equipment and intangible assets, and capital expenditures of ¥4,515 million.

As for net assets, net income of approximately ¥4,600 million, dividends from surplus of ¥1,851 million, and purchase of treasury stock are planned. In addition, the Group's financial position at the coming fiscal year-end could change significantly as a result of the implementation of measures based on the medium-term management plan as well as currency exchange rates, share prices, and other market trends.

2) Cash Flows

Net cash provided by operating activities decreased ¥448 million year on year, to ¥9,013 million. Major factors increasing cash included income before income taxes and minority income of ¥8,590 million, depreciation and amortization of ¥4,431 million, and increase in liquor taxes payable of ¥2,524. Major factors decreasing cash included increase in notes and accounts receivable-trade of ¥5,787 million and income taxes paid of ¥2,507 million.

Net cash used in investing activities decreased ¥6,543 million, to ¥4,779 million. Major factors decreasing cash included purchase of property, plant and equipment and intangible assets of ¥4,456 million.

Net cash used in financing activities was relatively unchanged from the previous fiscal year at ¥3,265 million. Major factors decreasing cash included purchase of treasury stock of ¥1,085 million and cash dividends paid of ¥1,768 million.

As a result, cash and cash equivalents at fiscal year-end, including effect of exchange rate change on cash and cash equivalents, stood at ¥29,165 million, up ¥781 million from the previous fiscal year-end.

In the fiscal year ending March 31, 2013, net cash provided by operating income is expected to increase slightly to ¥10.0 billion. In investing activities, approximately ¥4.5 billion is earmarked for purchase of property, plant and equipment and intangible assets. In financing activities, the Group plans proceeds from issuance of bonds of ¥10,000 million, explained later in the notes to consolidated financial statements "Significant Subsequent Events," redemption of bonds of ¥5,000 million; cash dividends paid of ¥1,851 million; and purchase of treasury stock. Also, the Group will actively invest in growth businesses and developing businesses. As a result, cash and cash equivalents at the coming fiscal year-end, are expected to be approximately increased from the fiscal year-end under review. However, this could change due to unplanned investment or other reasons.

(Reference) Indicators Related to Cash Flows

	FY2010	FY2011	FY2012
Equity ratio (%)	49.4	49.0	48.0
Equity ratio on a market value basis (%)	56.3	44.3	58.6
Cash flow versus interest-bearing debt ratio (%)	374.7	410.9	427.1
Interest coverage ratio (times)	17.6	16.5	18.0

Equity ratio: (Net assets – Minority interests) / Total assets
Equity ratio on a market value basis: Market capitalization / Total assets
Cash flow versus interest-bearing debt ratio: Interest-bearing debt / Operating cash flow
Interest coverage ratio: Operating cash flow / Interest payments

Notes:
1. The respective indicators have been calculated using consolidated financial figures.
2. Market capitalization has been calculated based on shares outstanding at fiscal year-end, net of treasury stock.
3. For operating cash flow, net cash provided by operating activities in the consolidated statements of cash flows has been used.
4. Interest-bearing debt is all liabilities included on the consolidated balance sheets for which interest is paid. For interest payments, interest expenses paid in the consolidated statements of cash flows has been used.

(3) Basic Policy for the Appropriation of Profits and Dividends for the Fiscal Year under Review and the Coming Fiscal Year

The Takara Group appropriates profits in accordance with a medium-to-long-term perspective. By strengthening the entire Group's business foundations and realizing earnings growth, the Group aims to maximize corporate value and shareholder return. The Group uses cash flows from operations to replenish internal reserves in preparation for strengthening business foundations and investment in growth strategies. At the same time, with regard to the shareholder return, the Group's basic policy is to maintain stable dividends while also taking into account operating performance when deciding on dividends each year. The Group is also committed to improving capital efficiency through the implementation of share buybacks.

Specifically, total shareholder return is the sum of total dividends and the amount of share buybacks. The shareholder return payout is the ratio of total shareholder return versus deemed consolidated net income, which is net income after the deduction of extraordinary gain and extraordinary loss. The Group establishes a minimum for the shareholder return payout. In light of this minimum and comprehensive consideration of other factors, the Group decides upon the total shareholder return.

For the meantime, the Group will implement shareholder return based on a minimum shareholder return payout of 50%.

In consideration of this abovementioned target shareholder return payout ratio, the Company plans to raise cash dividend payments in the fiscal year under review by ¥0.50 per share, to ¥9.00 per share. As a result, the consolidated payout ratio will be 46.6%. Further, total shareholder return was ¥2,921 million, comprising planned cash dividends payment of ¥1,851 million and treasury stock acquired of ¥1,070 million. The shareholder return payout was 51.7%.

For the coming fiscal year, the Group will pay cash dividends and purchase treasury stock based on the above-mentioned shareholder return payout. Assuming the realization of the earnings set out in "2) Outlook for the Coming Fiscal Year" in"(1) Analysis of Financial Results," the Group plans to pay a dividend of ¥9 per share.

The Group will use internal funds to strengthen its financial position in order to strengthen the management foundation and business profitability of Group companies and to undertake investments in existing businesses as usual. In addition, the Group will invest actively in growth businesses and developing businesses as well as endeavor to increase the corporate value of the Group as a whole.

Note:
Deemed consolidated net income = (Consolidated ordinary income - Interest income and dividends + Interest payments) x (1 - Effective tax rate)

2. Management Policy

(1) The Group's Basic Management Policy

(2) Targeted Management Indicators, Medium-Term Management Strategies and Tasks

Information regarding targeted management indicators, and medium-term strategies and tasks has been omitted as there have been no changes for the information disclosed along with the consolidated financial statements for the year ended March 31, 2011 ([released on May 10, 2011). This document can be downloaded from the Company's investor relations information web site.
(Takara Holdings IR Info Web Site)
http://www.takara.co.jp/english/ir_e/index.html

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(Millions of yen)

	As of Mar. 31, 2011	As of Mar. 31, 2012
Assets		
Current assets		
Cash and deposits	32,782	30,843
Notes and accounts receivable-trade	45,102	50,721
Short-term investment securities	12,665	15,660
Merchandise and finished goods	20,552	20,847
Work in process	964	886
Raw materials and supplies	2,782	2,747
Deferred tax assets	2,568	2,346
Other	2,371	2,096
Allowance for doubtful accounts	(81)	(71)
Total current assets	119,707	126,078
Noncurrent assets		
Property, plant and equipment		
Buildings and structures	42,658	42,087
Accumulated depreciation	(27,703)	(27,768)
Buildings and structures, net	14,955	14,319
Machinery, equipment and vehicles	74,834	74,328
Accumulated depreciation	(64,356)	(64,400)
Machinery, equipment and vehicles, net	10,478	9,927
Land	13,386	14,291
Lease assets	934	1,245
Accumulated depreciation	(369)	(571)
Lease assets, net	565	673
Construction in progress	253	621
Other	10,268	10,280
Accumulated depreciation	(8,261)	(8,117)
Other, net	2,007	2,162
Total property, plant and equipment	41,645	41,996
Intangible assets		
Goodwill	4,017	3,531
Other	2,010	1,704
Total intangible assets	6,028	5,236
Investments and other assets		
Investment securities	18,527	18,450
Deferred tax assets	3,404	2,894
Other	3,381	3,000
Allowance for doubtful accounts	(246)	(219)
Total investments and other assets	25,067	24,126
Total noncurrent assets	72,741	71,359
Total assets	192,448	197,437

(Millions of yen)

	As of Mar. 31, 2011	As of Mar. 31, 2012
Liabilities		
Current liabilities		
Notes and accounts payable-trade	13,489	13,976
Short-term loans payable	5,182	5,018
Current portion of bonds	–	5,000
Accrued alcohol tax	8,065	10,589
Accrued expenses	3,592	3,977
Income taxes payable	1,785	2,207
Provision for bonuses	2,012	2,005
Provision for sales promotion expenses	1,576	1,708
Other	5,747	6,762
Total current liabilities	41,453	51,247
Noncurrent liabilities		
Bonds payable	25,000	20,000
Long-term loans payable	561	496
Deferred tax liabilities	1,269	1,074
Provision for retirement benefits	9,644	9,625
Long-term deposits received	6,119	5,881
Other	1,505	1,453
Total noncurrent liabilities	44,100	38,530
Total liabilities	85,553	89,777
Net assets		
Shareholders' equity		
Capital stock	13,226	13,226
Capital surplus	3,197	3,195
Retained earnings	85,784	88,012
Treasury stock	(5,852)	(6,922)
Total shareholders' equity	96,356	97,512
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	2,754	2,805
Deferred gains or losses on hedges	(32)	(17)
Foreign currency translation adjustment	(4,770)	(5,516)
Total accumulated other comprehensive income	(2,048)	(2,728)
Minority interests	12,587	12,876
Total net assets	106,895	107,659
Total liabilities and net assets	192,448	197,437

(2) Consolidated Statements of Income and Consolidated Stetements of Comprehensive Income

(Consolidated Statements of Income)

(Millions of Yen)

	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)	FY2012 (Apr. 1, 2011 - Mar. 31, 2012)
Net sales	189,769	198,690
Cost of sales	115,480	121,462
Gross profit	74,289	77,228
Selling, general and administrative expenses	65,953	67,963
Operating income	8,335	9,264
Non-operating income		
Interest income	144	177
Dividends income	328	362
Real estate rent	111	108
Subsidy income	104	193
Other	234	232
Total non-operating income	923	1,074
Non-operating expenses		
Interest expenses	566	501
Other	264	220
Total non-operating expenses	831	722
Ordinary income	8,427	9,617
Extraordinary income		
Gain on sales of noncurrent assets	72	233
Compensation for transfer	–	193
Other	495	19
Total extraordinary income	567	446
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	238	404
Loss on adjustment for changes of accounting standard for asset retirement obligations	424	–
Loss on disaster	396	754
Other	429	314
Total extraordinary losses	1,489	1,473
Income before income taxes and minority interests	7,505	8,590
Income taxes-current	3,646	3,321
Income taxes-deferred	(183)	851
Total income taxes	3,463	4,173
Income before minority interests	4,042	4,417
Minority interests in income	254	421
Net income	3,788	3,995

(Consolidated Statements of Comprehensive Income)

(Millions of Yen)

	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)	FY2012 (Apr. 1, 2011 - Mar. 31, 2012)
Income before minority interests	4,042	4,417
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,260)	53
Deferred gains or losses on hedges	(40)	17
Foreign currency translation adjustment	(2,227)	(892)
Share of other comprehensive income of associates accounted for using equity method	(42)	(18)
Total other comprehensive income	(3,570)	(839)
Comprehensive income	471	3,577
(Comprehensive income attributable to)		
Comprehensive income attributable to owners of the parent	633	3,314
Comprehensive income attributable to minority interests	(161)	263

(3) Consolidated Statements of Change in Net Assets

(Millions of Yen)

	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)	FY2012 (Apr. 1, 2011 - Mar. 31, 2012)
Shareholders' equity		
Capital stock		
Balance at the beginning of current period	13,226	13,226
Changes of items during the period		
Total changes of items during the period	–	–
Balance at the end of current period	13,226	13,226
Capital surplus		
Balance at the beginning of current period	3,198	3,197
Changes of items during the period		
Disposal of treasury stock	(1)	(1)
Total changes of items during the period	(1)	(1)
Balance at the end of current period	3,197	3,195
Retained earnings		
Balance at the beginning of current period	83,785	85,784
Changes of items during the period		
Dividends from surplus	(1,789)	(1,767)
Net income	3,788	3,995
Total changes of items during the period	1,999	2,227
Balance at the end of current period	85,784	88,012
Treasury stock		
Balance at the beginning of current period	(4,650)	(5,852)
Changes of items during the period		
Purchase of treasury stock	(1,207)	(1,085)
Disposal of treasury stock	5	15
Total changes of items during the period	(1,201)	(1,070)
Balance at the end of current period	(5,852)	(6,922)
Total shareholders' equity		
Balance at the beginning of current period	95,559	96,356
Changes of items during the period		
Dividends from surplus	(1,789)	(1,767)
Net income	3,788	3,995
Purchase of treasury stock	(1,207)	(1,085)
Disposal of treasury stock	4	13
Total changes of items during the period	796	1,155
Balance at the end of current period	96,356	97,512

(Millions of Yen)

	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)	FY2012 (Apr. 1, 2011 - Mar. 31, 2012)
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities		
Balance at the beginning of current period	4,007	2,754
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,252)	51
Total changes of items during the period	(1,252)	51
Balance at the end of current period	2,754	2,805
Deferred gains or losses on hedges		
Balance at the beginning of current period	18	(32)
Changes of items during the period		
Net changes of items other than shareholders' equity	(50)	14
Total changes of items during the period	(50)	14
Balance at the end of current period	(32)	(17)
Foreign currency translation adjustment		
Balance at the beginning of current period	(2,918)	(4,770)
Changes of items during the period		
Net changes of items other than shareholders' equity	(1,851)	(746)
Total changes of items during the period	(1,851)	(746)
Balance at the end of current period	(4,770)	(5,516)
Total accumulated other comprehensive income		
Balance at the beginning of current period	1,106	(2,048)
Changes of items during the period		
Net changes of items other than shareholders' equity	(3,154)	(680)
Total changes of items during the period	(3,154)	(680)
Balance at the end of current period	(2,048)	(2,728)
Minority interests		
Balance at the beginning of current period	12,540	12,587
Changes of items during the period		
Net changes of items other than shareholders' equity	46	289
Total changes of items during the period	46	289
Balance at the end of current period	12,587	12,876
Total net assets		
Balance at the beginning of current period	109,206	106,895
Changes of items during the period		
Dividends from surplus	(1,789)	(1,767)
Net income	3,788	3,995
Purchase of treasury stock	(1,207)	(1,085)
Disposal of treasury stock	4	13
Net changes of items other than shareholders' equity	(3,108)	(391)
Total changes of items during the period	(2,311)	764
Balance at the end of current period	106,895	107,659

(4) Consolidated Statements of Cash Flows

(Millions of Yen)

	FY2011 (Apr. 1, 2010 - Mar. 31, 2011)	FY2012 (Apr. 1, 2011 - Mar. 31, 2012)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	7,505	8,590
Depreciation and amortization	4,551	4,431
Increase (decrease) in provision for allowance for accrued sales promotion expenses	114	132
Interest and dividends income	(473)	(539)
Interest expenses	566	501
Loss (gain) on valuation of investment securities	254	108
Loss (gain) on sales and retirement of noncurrent assets	166	171
Decrease (increase) in notes and accounts receivable-trade	932	(5,787)
Decrease (increase) in inventories	(435)	(455)
Decrease (increase) in other current assets	(98)	(175)
Increase (decrease) in notes and accounts payable-trade	(555)	570
Increase (decrease) in liquor taxes payable	126	2,524
Increase (decrease) in accrued consumption taxes	(106)	391
Other, net	614	1,040
Subtotal	13,163	11,504
Interest and dividends income received	492	516
Interest expenses paid	(572)	(500)
Income taxes paid	(3,620)	(2,507)
Net cash provided by (used in) operating activities	9,462	9,013
Net cash provided by (used in) investing activities		
Payments into time deposits	(19,432)	(8,517)
Proceeds from withdrawal of time deposits	15,369	8,240
Purchase of short-term investment securities	(3,322)	(1,718)
Proceeds from sales and redemption of securities	2,255	1,680
Purchase of property, plant and equipment and intangible assets	(3,189)	(4,456)
Proceeds from sales of property, plant and equipment	87	647
Purchase of investment securities	(281)	(311)
Proceeds from sales of stocks of subsidiaries and affiliates	87	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(3,384)	–
Other, net	487	(343)
Net cash provided by (used in) investing activities	(11,323)	(4,779)
Net cash provided by (used in) financing activities		
Proceeds from issuance of bonds	9,923	–
Redemption of bonds	(5,000)	–
Purchase of treasury stock	(1,207)	(1,085)
Cash dividends paid	(1,789)	(1,768)
Other, net	(5,126)	(410)
Net cash provided by (used in) financing activities	(3,199)	(3,265)
Effect of exchange rate change on cash and cash equivalents	(179)	(186)
Net increase (decrease) in cash and cash equivalents	(5,240)	781
Cash and cash equivalents at beginning of period	33,624	28,384
Cash and cash equivalents at end of period	28,384	29,165

(5) Notes on Premise of Going Concern

No items to report.

(6) Basis of Presentation of Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 37

Names of principal consolidated subsidiaries:

Takara Shuzo Co., Ltd.
Luc Corporation, Ltd.
Takara Butsuryu System Co., Ltd.
TAKARA CHOU UN Co., Ltd.
Takara Sake USA Inc. (US)
Age International, Inc. (US)
FOODEX S.A.S. (France)
The Tomatin Distillery Co., Ltd. (UK)
Takara Shuzo Foods Co., Ltd. (China)
Takara Bio Inc.
Takara Biotechnology (Dalian) Co., Ltd. (China)
Takara Biomedical Technology (Beijing) Co., Ltd. (China)
Takara Bio USA Holdings Inc. (US)
Clontech Laboratories, Inc. (US)
Takara Bio Europe S.A.S. (France)
Takara Healthcare Inc.
Taihei Printing Co., Ltd.

2. Application of equity method

(1) Number of affiliates accounted for under the equity method: 3

Names of principal affiliates:

Mutual Trading Co., Inc. (US)
Japan Synthetic Alcohol Co., Ltd.
Nissin Shurui Co., Ltd.

(2) Affiliates to which the equity method is not applied (2 companies) are small in scale in terms of net income and retained earnings (equal to the equity share); each has little influence on the consolidated income, retained earnings, etc. of the Group and has little materiality as a whole.

(3) Figures pertaining to companies accounted for under the equity method that have a fiscal year-end that is different from the Company are calculated using the financial statements for each company in its own fiscal year.

3. Matters concerning fiscal year-end of consolidated subsidiaries

Of the Company's consolidated subsidiaries, there are overseas subsidiaries that have a fiscal year-end of December 31, which differs from that of the Company. In preparing the Company's consolidated financial statements, the financial statements of these companies that were prepared at their fiscal year-end are used as there is less than a three-month difference between the fiscal year-end of these companies and the fiscal year-end of the Company. Adjustments are made for major transactions within the period between the fiscal year-end of these companies and the fiscal year-end of the Company as necessary.

4. Matters concerning accounting policies

(1) Valuation basis and method of major assets

A. Marketable securities

a. Held-to-maturity debt securities

At amortized cost (straight-line method)

b. Other marketable securities

Available-for-sale securities:

By the mark-to-market method based on market values on the date of the fiscal year-end (valuation differences are reported as a separate component of equity and the cost of sales is determined by the moving-average method)

Non-marketable available-for-sale securities:

At cost determined by the moving-average method

B. Inventories

At cost determined by the gross-average method (for the value stated in the balance sheet, the book value is written down based on the decreased profitability)

(2) Depreciation method for major depreciable assets

A. Property, plant and equipment (excluding lease assets)

Principally, by the declining-balance method

The range of useful lives is principally as follows:

Buildings and structures: 3 to 50 years

Machinery, equipment and vehicles: 4 to 15 years

B. Intangible fixed assets (excluding lease assets)

By the straight-line method

Further, subsidiaries in the United States, apply FASB Accounting Standards Codification Topic 350 “Intangibles—Goodwill and Other,” excluding goodwill.

C. Lease assets

Lease assets related to finance lease transactions without title transfer

The straight-line method has been applied, using the lease period as the useful life and taking the residual value as zero.

The Company has continued to treat finance lease transactions without title transfer that commenced before March 31, 2008, as operating leases.

(3) Accounting criteria for major allowances

A. Allowance for doubtful accounts

To prepare for losses on doubtful accounts, general provisions are determined on the basis of past credit loss experience, and specific provisions, such as loss apprehensive credits, are determined by considering individual collectability.

B. Provision for bonuses

Provision for bonuses is provided for the current portion of the future expected payment, in order to prepare for the payment of bonuses to employees at the Company and its consolidated domestic subsidiaries.

C. Provision for sales promotion expenses

Provision for sales promotion expenses is calculated by multiplying the order values of retail outlets, data provided by consolidated subsidiary Takara Shuzo Co., Ltd. and historical prices.

D. Provision for retirement benefits

Provision for retirement benefits is provided based on the actuarially calculated retirement benefit obligation and pension assets.

Past service liabilities are amortized from the date incurred using the straight-line method over a certain period (10 years) less than the remaining average service period. Unrecognized actuarial gains or losses are amortized using the straight-line method over a certain period (10 years) less than the remaining average service period from the date incurred. Amortization of unrecognized actuarial gains or losses begins in the year following that in which it was incurred.

(4) Standards for translating the values of important assets and liabilities valued in foreign currency into Japanese currency

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate at the balance sheet date. The foreign exchange gains and losses from translation are recognized in the consolidated statements of income as non-operating items. The balance sheet accounts of the foreign consolidated subsidiaries are translated into Japanese yen at the exchange rate at the balance sheet date except for equity. Revenue and expense accounts are translated into Japanese yen at the average exchange rate during the fiscal year. The resulting translation differences are presented as foreign currency translation adjustments and minority interests in equity.

(5) Major hedge accounting methods

A. Hedge accounting methods

Deferred hedge accounting is applied. However, designation accounting is applied for transactions to hedge foreign exchange risks when applicable.

B. Hedging instruments and hedged items

The hedging instruments used and items hedged in the year under review are as follows.

Hedging instrument:	Hedged items:
Currency options	Foreign currency-denominated import transactions
Currency swaps	Foreign currency-denominated loans
Foreign exchange forward contracts	Foreign currency-denominated notes and accounts payable accompanying royalty payment and Foreign currency-denominated import transactions

C. Hedging policy

Foreign exchange risks on hedged items are hedged within a certain range in accordance with the Company’s internal policies regarding derivative transactions.

D. Assessment of hedge effectiveness

Hedge effectiveness is omitted as it is anticipated that the hedging will offset fluctuations in the market and in cash after the date in which the hedging was commenced due to the fact that the conditions of the hedging instruments and the hedged transactions are the same.

(6) Goodwill amortization method and amortization period
Goodwill is amortized using the straight-line method over the period of a certain number of years that is less than 20 years.

(7) The scope of cash in the consolidated statements of cash flows
This comprises cash on hand, deposits that can be readily withdrawn as required and that can be converted into cash, and short-term investments with due dates in three months or less from the date of acquisition that entail only an insignificant risk of change in value.

(8) Other significant items related to the preparation of the consolidated financial statements
Accounting for consumption tax, etc.
Consumption tax or regional consumption taxes are excluded.

(7) Changes in Method of Presentation

(Consolidated Statements of Income)

In extraordinary income, “gain on sales of investment securities” was presented separately for the fiscal year ended March 31, 2011. However, “gain on sales of investment securities” has been included in “other” because it was one-tenth of extraordinary income or less for the fiscal year ended March 31, 2012. Figures for the fiscal year ended March 31, 2011, have been restated to reflect this change in method of presentation.

As a result, the value of “gain on sales of investment securities” of ¥417 million recorded on the consolidated statements of income for the fiscal year ended March 31, 2011, was included in “other.”

In extraordinary loss, “loss on valuation of investment securities” was presented separately for the fiscal year ended March 31, 2011. However, “loss on valuation of investment securities” has been included in “other” because it was one-tenth of extraordinary loss or less for the fiscal year ended March 31, 2012. Figures for the fiscal year ended March 31, 2011, have been restated to reflect this change in method of presentation.

As a result, the value of “loss on valuation of investment securities” of ¥254 million recorded on the consolidated statements of income for the fiscal year ended March 31, 2011, was included in “other.”

(Consolidated Statements of Cash Flows)

In net cash provided by (used in) operating activities, “increase (decrease) in provision for retirement benefits,” “increase (decrease) in allowance for doubtful accounts,” “increase (decrease) in provision for bonuses,” “equity in (earnings) losses of affiliates,” and “loss (gain) on sales of investment securities” were presented separately for the fiscal year ended March 31, 2011. However, because the amounts of these items lacked materiality in the fiscal year ended March 31, 2012, they were included under “other, net.” Figures for the fiscal year ended March 31, 2011, have been restated to reflect this change in method of presentation.

As a result, the values of “increase in provision for retirement benefits” of ¥206 million, “increase in allowance for doubtful accounts” of ¥38 million, “decrease in provision for bonuses” of ¥65 million, “equity in earnings of affiliates” of ¥76 million, and “gain on sales of investment securities” of ¥417 million recorded on the consolidated statements of cash flows for the fiscal year ended March 31, 2011, was included in “other, net.”

In net cash provided by (used in) investing activities, “proceeds from sales of investment securities” was presented separately for the fiscal year ended March 31, 2011. However, because the amount of this item lacked materiality in the fiscal year ended March 31, 2012, it was included under “other, net.” Figures for the fiscal year ended March 31, 2011, have been restated to reflect this change in method of presentation.

As a result, the value of “proceeds from sales of investment securities” of ¥872 million recorded on the consolidated statements of cash flows for the fiscal year ended March 31, 2011, was included in “other, net.”

In net cash provided by (used in) financing activities, “repayment of long-term loans payable” and “proceeds from stock issuance to minority shareholders” were presented separately for the fiscal year ended March 31, 2011. However, because the amounts of these items lacked materiality in the fiscal year ended March 31, 2012, they were included under “other, net.” Figures for the fiscal year ended March 31, 2011, have been restated to reflect this change in method of presentation.

As a result, the values of “repayment of long-term loans payable” of ¥5,078 million, and “proceeds from stock issuance to minority shareholders” of ¥63 million recorded on the consolidated statements of cash flows for the fiscal year ended March 31, 2011, was included in “other, net.”

(8) Supplementary Information

(Adoption of the Accounting Standard for Accounting Changes and Error Corrections)

Starting in the fiscal year ended March 31, 2012, the Company adopted the Accounting Standard for Accounting Changes and Error Corrections (ASBJ Statement No. 24, December 4, 2009) and the Guidance on Accounting Standard for Accounting Changes and Error Corrections (ASBJ Guidance No. 24, December 4, 2009) to be used when implementing changes or correcting past mistakes from April 1, 2011, onward.

(Adjustment of amount of deferred tax assets and deferred tax liabilities following change in effective tax rate)

On December 2, 2011, the Law to Revise the Income Tax, etc., in Order to Construct a Tax System Addressing Changes in the Socio-Economic Structure (Act No. 114 of 2011) and the Law on Special Measures to Secure Financial Resources for Reconstruction Following the Great East Japan Earthquake (Act No. 117 of 2011) were proclaimed. Accordingly, the Company began calculating deferred tax assets and deferred tax liabilities based on the newly defined applicable normal effective statutory tax rate in the fiscal year ended March 31, 2012.

As a result, there were the following declines in assets and liabilities at the end of the fiscal year: deferred tax assets under current assets decreased ¥149 million, deferred tax assets under noncurrent assets decreased ¥420 million, and deferred tax liabilities under noncurrent liabilities decreased ¥124 million. Under net assets, valuation difference on available-for-sales securities increased ¥211 million and deferred gains or losses on hedges decreased by an amount less than ¥1 million. Also, income taxes-deferred increased ¥656 million.

(9) Notes to Consolidated Financial Statements

(Segment Information)

1. Overview of Reported Segments

Reporting segments are the segments of the Takara Group for which financial information can be obtained. The Board of Directors, top organization for decision making on Group management, examines such information to determine the allocation of management resources and evaluate the business performance on a regular basis.

The Group consists of the two corporate groups centered on the operating companies, Takara Shuzo Co., Ltd. and Takara Bio Inc., both of which were formed when the Company became a holding company; the health food business, which is managed by Takara Healthcare Inc.; other businesses; and the Company, which manages the whole group as the holding company. All operating companies develop comprehensive business strategies, covering both domestic and overseas operations, for the products and services that they offer, and work to expand their business operations.

Accordingly, the Group has defined three reported segments based on its business segments, while taking into consideration the relationship of capital between each consolidated subsidiary, the scope of managerial responsibility, and of the capacity to evaluate business performance. These three reported segments are the Takara Shuzo Group, the Takara Bio Group, and Takara Healthcare.

The Takara Shuzo Group primarily engages in the manufacturing and sales of alcoholic beverages and seasonings. It also engages in logistics and other incidental businesses. The Takara Bio Group primarily engages in the manufacturing and sales of products such as research reagents, scientific instruments, and mushrooms. It also conducts contract research services. Takara Healthcare Inc. primarily engages in the sales of products such as health foods.

2. Calculation method for net sales, income or loss, assets, liabilities, and other items of each reported segment

The accounting treatment of reported business segments is generally the same as that explained in “Basis of Presentation of Consolidated Financial Statements.”

The figures for the income of reported segments are based on operating income. Intersegment income is based on the prevailing market price.

3. Net sales, Income (Loss), Assets and Other items by Reported Segment

Previous Fiscal Year (From April 1, 2010, to March 31, 2011)

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated financial statements (Note: 3)
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Net sales								
External customers	165,872	18,197	2,563	186,633	2,790	189,423	345	189,769
Intersegment	918	540	4	1,462	5,418	6,880	(6,880)	-
Total	166,790	18,737	2,567	188,095	8,208	196,304	(6,535)	189,769
Segment income (loss)	6,568	1,097	(252)	7,413	219	7,633	702	8,335
Segment assets	118,314	42,594	646	161,555	6,359	167,915	24,533	192,448
Other items								
Depreciation and amortization	3,284	1,122	10	4,416	117	4,534	17	4,551
Amortization of goodwill	64	136	-	201	-	201	38	239
Investment in equity-method affiliates	304	-	-	304	20	325	2,440	2,766
Increase in total fixed assets, property, plant and equipment and intangible assets	2,735	928	-	3,663	70	3,734	1	3,735

Notes:
1. Other includes business segments that are not part of reported segments, such as the printing business and other subsidiaries.
2. Details of adjustment amounts are as follows.
   (1) Net sales to external customers are income from real estate rent recognized by the Company.
   (2) Segment income includes eliminations of ¥103 million, amortization of goodwill of ¥38 million, and income of the Company not allocated to business segments of ¥637 million.
   (3) Segment assets include assets of the Company not allocated to business segments of ¥29,882 million and other adjustment (principally eliminations) of ¥5,348 million. Assets attributed to the Company include surplus funds and long-term investment assets
3. Segment income has been adjusted to the operating income of consolidated financial statements.

Fiscal Year under Review (From April 1, 2011, to March 31, 2012)

(Millions of yen)

	Reported Segment				Other (Note: 1)	Total	Adjustment (Note: 2)	Amount recognized in consolidated financial statements (Note: 3)
	Takara Shuzo Group	Takara Bio Group	Takara Healthcare	Subtotal				
Net sales								
External customers	174,726	18,934	2,334	195,995	2,329	198,324	365	198,690
Intersegment	777	644	3	1,424	5,375	6,800	(6,800)	-
Total	175,503	19,578	2,338	197,420	7,704	205,125	(6,434)	198,690
Segment income (loss)	6,768	1,547	(114)	8,201	190	8,391	873	9,264
Segment assets	122,993	44,032	818	167,844	7,723	175,568	21,869	197,437
Other items								
Depreciation and amortization	3,225	1,077	12	4,315	112	4,427	3	4,431
Amortization of goodwill	146	124	-	271	-	271	-	271
Investment in equity-method affiliates	296	-	-	296	20	316	2,470	2,786
Increase in total fixed assets, property, plant and equipment and intangible assets	2,743	926	32	3,702	2,252	5,954	(624)	5,330

Notes:
1. Other includes business segments that are not part of reported segments, such as the printing business and other subsidiaries.
2. Details of adjustment amounts are as follows.

(1) Net sales to external customers are income from real estate rent recognized by the Company.
(2) Segment income includes eliminations of ¥61 million and income of the Company not allocated to business segments of ¥811 million.
(3) Segment assets include assets of the Company not allocated to business segments of ¥27,771 million and other adjustment (principally eliminations) of ¥5,902 million. Assets attributed to the Company include surplus funds and long-term investment assets

3. Segment income has been adjusted to the operating income of consolidated financial statements.

(Per Share Information)

	Previous Fiscal Year (From April 1, 2010, to March 31, 2011)	Fiscal Year under Review (From April 1, 2011, to March 31, 2012)
Net assets per share	¥454.21	¥461.41
Net income per share	¥18.21	¥19.32
Fully diluted net income per share	¥18.21	While consolidated subsidiary Takara Bio Inc. has outstanding stock acquisition rights, fully diluted net income per share has been omitted as it does not drop below net income per share.

Notes: 1. The basis of calculation of net assets per share is as follows.

	Previous Fiscal Year (As of March 31, 2011)	Fiscal Year under Review (As of March 31, 2012)
Total net assets (¥ million)	106,895	107,659
Amount deducted from total net assets (¥ million)	12,587	12,876
(of which minority interests) (¥ million)	(12,587)	(12,876)
Net assets at term-end related to shares of common stock (¥ million)	94,308	94,783
Shares of common stock at term-end used to calculate net assets per share (1,000 shares)	207,630	205,422

2. The basis of calculation of net income per share and fully diluted net income per share is as follows.

	Previous Fiscal Year (From April 1, 2009, to March 31, 2010)	Fiscal Year under Review (From April 1, 2010, to March 31, 2011)
Net income per share		
Net income (¥ million)	3,788	3,995
Amount not belonging to common shareholders (¥ million)	-	-
Net income related to shares of common stock (¥ million)	3,788	3,995
Average number of shares of common stock outstanding during the term (1,000 shares)	208,048	206,794
Fully diluted net income per share		
Fully diluted net income adjustment (¥ million)	(0)	-
(of which adjustment due to residual securities issued by consolidated subsidiaries) (¥ million)	((0))	-
Increase in shares of common stock (1,000 shares)	-	-

(Significant Subsequent Events)

The Company has issued unsecured bonds as follows in accordance with a resolution made at a meeting of the Board of Directors held on April 19, 2012.

Proceeds from the bonds are planned to be used for the redemption of bonds.

	12th series of unsecured bonds (with inter-bond pari passu clause)	13th series of unsecured bond (with inter-bond pari passu clause)
1. Total amount of issue	¥5,000 million	¥5,000 million
2. Issue price	100% of principal amount	100% of principal amount
3. Closing date	April 26, 2012	April 26, 2012
4. Maturity date	April 26, 2017	April 26, 2022
5. Coupon rate	0.468% per year	1.162% per year